

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**SPIC FERTILIZERS AND CHEMICALS LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

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**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**DIRECTORS' REPORT**  
**TO THE SHAREHOLDERS**

The directors present their report and the audited financial statements of the Group and of the company for the year ended 31 March 2012.

**PRINCIPAL ACTIVITY**

The company's principal activity is to carry on business of investment in shares, bonds and other securities.

The wholly-owned subsidiary's principal activity is to develop a facility to manufacture ammonia/urea fertilizers in the Jebel Ali Free Zone, Dubai.

**RESULTS AND DIVIDENDS**

The Group's loss for the financial year ended 31 March 2012 amounted to USD 19,827 and that of the Company's amounted to USD 9,155 (31 March 2011 - Group's loss USD 20,244 and Company's loss USD 8,700).

The directors do not recommend the payment of a dividend for the year under review.

**DIRECTORS**

The directors of the company as at 31 March 2012 all of whom served on the Board in the respective year, unless indicated otherwise, are listed below:

Mr. Amal AUTAR (Appointed on 30 June 1998)

Mr. Rajagopalan KULATHA KAUNDINYAA (Appointed on 22 December 2014)

Mr. Ganesh MADRAS BALASUBRAMANIAN (Appointed on 22 December 2014)

Mr. Peter In Kwong SIAW CHOCK CHIONG (Appointed on 06 January 2015)

Mr. Arumugum SANTHANAKRISHNAN (Resigned on 20 November 2014)

Mr. Muthiah THIRUNAVUKKARASU (Resigned on 20 November 2014)

Mr. K.C. LI KWONG WING (Resigned on 06 January 2015)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Group and of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

The auditor, Gaetan WONG TO WING, ACA, has indicated his willingness to continue in office and will be automatically reappointed at the Annual Meeting.

**BY ORDER OF THE BOARD**  
**DIRECTOR**

Date: 25 MAY 2015

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**SPIC FERTILIZERS AND CHEMICALS LIMITED  
SECRETARY'S CERTIFICATE  
TO THE SHAREHOLDERS**

We certify that we have filed with the Registrar all such returns, for the year ended 31 March 2012, as are required of the Company under the Companies Act 2001, which came into effect on 01 December 2001.

**FOR AND ON BEHALF OF  
MAURITIUS INTERNATIONAL TRUST COMPANY LIMITED  
COMPANY SECRETARY**  
Date:

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS**

This report is made solely to the shareholders of SPIC FERTILIZERS AND CHEMICALS LIMITED, as a body, in accordance with Section 205 of the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's shareholders those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for my audit work, for this report, or for the opinions I have formed.

**Report on the Financial Statements**

I have audited the consolidated financial statements of SPIC FERTILIZERS AND CHEMICALS LIMITED on pages 5 to 16, which comprise the balance sheet at 31 March 2012 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Directors' responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS**

*Basis for qualified opinion*

I draw your attention that, due to the financial impact of events described in note 2 to these consolidated financial statements, the group and the company have accumulated a net deficit in equity funds of USD 43,991,436 and USD 116,133 respectively. Consequently, the ultimate holding company intends to wind up the Company. However, these consolidated financial statements have been prepared on the going concern basis pending the completion of legal procedures and the settlement of outstanding liabilities. Should the going concern assumption be inappropriate, there would be material adjustments required to the reclassification and carrying amount of assets and liabilities as disclosed in these consolidated financial statements. The impact of such adjustments, if any, is currently not ascertainable.

*Qualified opinion*

In my opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements on pages 5 to 16 give a true and fair view of the financial position of the Group and the Company at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

I have no relationship with, or any interest in, the Company other than in my capacity as auditor.

I have obtained all information and explanations I have required.

In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.

**Gaetan WONG TO WING, ACA**  
**CHARTERED ACCOUNTANT**

Date: 10 April 2013  
Port Louis,  
Republic of Mauritius.

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**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**BALANCE SHEET**  
**AT 31 MARCH 2012**

|  | Notes | THE GROUP           |                     | THE COMPANY      |                  |
|--|-------|---------------------|---------------------|------------------|------------------|
|  |       | 2012<br>USD         | 2011<br>USD         | 2012<br>USD      | 2011<br>USD      |
| <b>Current Assets</b>                            |       |                     |                     |                  |                  |
| Trade and other receivables                      | 5     | 300                 | 300                 | 300              | 300              |
| <b>TOTAL ASSETS</b>                              |       | <u>300</u>          | <u>300</u>          | <u>300</u>       | <u>300</u>       |
| <b>FINANCED BY:</b>                              |       |                     |                     |                  |                  |
| <b>EQUITY AND LIABILITIES</b>                    |       |                     |                     |                  |                  |
| <b>Capital and Reserves</b>                      |       |                     |                     |                  |                  |
| Share capital                                    | 6     | 39,073,390          | 39,073,390          | 39,073,390       | 39,073,390       |
| Share application monies                         |       | 399                 | 399                 | 399              | 399              |
| Advance against additional capital of subsidiary |       | 2,260,283           | 2,260,283           | -                | -                |
| Accumulated losses                               |       | (85,325,508)        | (85,305,681)        | (39,189,922)     | (39,180,767)     |
|  |       | <u>(43,991,436)</u> | <u>(43,971,609)</u> | <u>(116,133)</u> | <u>(106,978)</u> |
| <b>Non-Current Liabilities</b>                   |       |                     |                     |                  |                  |
| Provisions                                       | 7     | 1,107               | 1,107               | -                | -                |
| <b>Current Liabilities</b>                       |       |                     |                     |                  |                  |
| Trade and other payables                         | 8     | 27,634,447          | 27,614,620          | 116,433          | 107,278          |
| Due to related parties                           | 9     | 16,356,182          | 16,356,182          | -                | -                |
|  |       | <u>43,990,629</u>   | <u>43,970,802</u>   | <u>116,433</u>   | <u>107,278</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>              |       | <u>300</u>          | <u>300</u>          | <u>300</u>       | <u>300</u>       |

These financial statements have been approved by the Board of Directors on: 29 MAY 2012

DIRECTOR

DIRECTOR

Notes on pages 9 to 15 form part of these financial statements.

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**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

|                                    | Notes | THE GROUP    |              | THE COMPANY  |              |
|------------------------------------|-------|--------------|--------------|--------------|--------------|
|                                    |       | 2012<br>USD  | 2011<br>USD  | 2012<br>USD  | 2011<br>USD  |
| Operating income                   |       | -            | -            | -            | -            |
| Operating expenses                 |       | (9,155)      | (8,700)      | (9,155)      | (8,700)      |
| Other operating expenses           |       | (10,672)     | (11,544)     | -            | -            |
| Operating loss for the year        | 10    | (19,827)     | (20,244)     | (9,155)      | (8,700)      |
| Finance costs                      |       | -            | -            | -            | -            |
| Net loss before tax                |       | (19,827)     | (20,244)     | (9,155)      | (8,700)      |
| Tax                                | 11    | -            | -            | -            | -            |
| Net loss after tax                 |       | (19,827)     | (20,244)     | (9,155)      | (8,700)      |
| Accumulated losses brought forward |       | (85,305,681) | (85,285,437) | (39,180,767) | (39,172,067) |
| Accumulated losses carried forward |       | (85,325,508) | (85,305,681) | (39,189,922) | (39,180,767) |
| Loss per share                     | 12    | (0.00051)    | (0.00052)    | (0.00023)    | (0.00022)    |

Notes on pages 9 to 15 form part of these financial statements.



**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2012**

| <b>THE GROUP</b>         | <b>Share<br/>capital<br/>USD</b> | <b>Accumulated<br/>losses<br/>USD</b> | <b>Share<br/>application<br/>monies<br/>USD</b> | <b>Total<br/>USD</b> |
|--------------------------|----------------------------------|---------------------------------------|---|----------------------|
| Balance at 1 April 2010  | 39,073,390                       | (85,285,437)                          | 2,260,682                                       | (43,951,365)         |
| Loss for the year        | -                                | (20,244)                              | -   | (20,244)             |
| Balance at 31 March 2011 | <u>39,073,390</u>                | <u>(85,305,681)</u>                   | <u>2,260,682</u>                                | <u>(43,971,609)</u>  |
| Balance at 1 April 2011  | 39,073,390                       | (85,305,681)                          | 2,260,682                                       | (43,971,609)         |
| Loss for the year        | -                                | (19,827)                              | -   | (19,827)             |
| Balance at 31 March 2012 | <u>39,073,390</u>                | <u>(85,325,508)</u>                   | <u>2,260,682</u>                                | <u>(43,991,436)</u>  |
| <br><b>THE COMPANY</b>   |                                  |                                       |   |                      |
| Balance at 1 April 2010  | 39,073,390                       | (39,172,067)                          | 399   | (98,278)             |
| Loss for the year        | -                                | (8,700)                               | -   | (8,700)              |
| Balance at 31 March 2011 | <u>39,073,390</u>                | <u>(39,180,767)</u>                   | <u>399</u>                                      | <u>(106,978)</u>     |
| Balance at 1 April 2011  | 39,073,390                       | (39,180,767)                          | 399   | (106,978)            |
| Loss for the year        | -                                | (9,155)                               | -   | (9,155)              |
| Balance at 31 March 2012 | <u>39,073,390</u>                | <u>(39,189,922)</u>                   | <u>399</u>                                      | <u>(116,133)</u>     |

Notes on pages 9 to 15 form part of these financial statements.

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**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

|  | Notes        | THE GROUP   |             | THE COMPANY |             |
|--|--------------|-------------|-------------|-------------|-------------|
|  |              | 2012<br>USD | 2011<br>USD | 2012<br>USD | 2011<br>USD |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>    |              |             |             |             |             |
| Net loss for the year                          |              | (19,827)    | (20,244)    | (9,155)     | (8,700)     |
| <b>LOSS BEFORE WORKING CAPITAL CHANGES</b>     |              |             |             |             |             |
| Increase/ (Decrease) in accruals               |              | 19,827      | 20,053      | 4,830       | (585)       |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b> | <b>A</b>     | -           | (191)       | (4,325)     | (9,285)     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>     |              |             |             |             |             |
| Short term loan from third parties             |              | -           | -           | 4,325       | 9,285       |
| Receipts from/ (Repayment to) related parties  |              | -           | 3,018,937   | -           | -           |
| Repayment of short term borrowings             |              | -           | (3,018,937) | -           | -           |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b> | <b>B</b>     | -           | -           | 4,325       | 9,285       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b> | <b>(A+B)</b> | -           | (191)       | -           | -           |
| Cash and cash equivalents at beginning of year |              | -           | 191         | -           | -           |
| Cash and cash equivalents at end of year       |              | -           | -           | -           | -           |
| <b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>   |              |             |             |             |             |
| Cash at bank                                   |              | -           | -           | -           | -           |
| Cash in hand                                   |              | -           | -           | -           | -           |
|  |              | -           | -           | -           | -           |

Notes on pages 9 to 15 form part of these financial statements.

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**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. INCORPORATION**

SPIC FERTILIZERS AND CHEMICALS LIMITED is a Category 1 Global Business Licence company incorporated on 30 June 1998 in Mauritius and is governed by the Financial Services Act 2007.

**2. NATURE OF ACTIVITIES**

The main object of the company is to carry on business of investment in shares, bonds and other securities. Following a Board resolution dated 22 April 2015, it was resolved to write off the investment entirely to reflect the fact that the subsidiary was forced to cease its activities of developing a facility to manufacture ammonia/urea fertilisers in Jebel Ali Free Zone in Dubai. As a result, the subsidiary has written off all its capital work in progress and certain of its liabilities.

**3. ACCOUNTING POLICIES**

The principal accounting policies adopted by the company are as follows:

**(a) Reporting currency**

The financial statements are presented in United States of America Dollars (USD).

**(b) Basis of preparation**

The financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**(c) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of SPIC Fertilizers and Chemicals Limited and its wholly-owned subsidiary at 31 March 2012.

The consolidated balance sheet includes all assets and liabilities of its subsidiary. All intercompany accounts and transactions are eliminated on consolidation.

**(d) Income and expenditure recognition**

Income and expenditure are accounted for on an accrual basis.

**(e) Investments**

Investments have been valued at cost and are converted into USD at the rate of exchange ruling at the date of purchase. The carrying value is maintained unless the directors are of opinion that there has been a permanent diminution in value of investments.

**(f) Property, plant and equipment**

All property, plant and equipment are initially recorded at cost. Depreciation is calculated on straight line basis to write off the cost of each asset over their expected useful lives.

The cost of furniture, fixtures and office equipment less estimated residual value, where material, is depreciated using the straight line method over their estimated useful lives of four years.

Capital work in progress represents the cost of factory buildings under construction and the fertiliser complex under installation. The costs would be transferred to the relevant assets once completed and depreciation would be provided from the date the relevant assets are put to use.

An assessment of residual values is undertaken at each balance sheet date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**3. ACCOUNTING POLICIES (CONTINUED)**

**(g) Foreign currency transactions**

Transactions in foreign currencies are translated into USD at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into USD at the rate of exchange ruling at the balance sheet date. Resulting profit or loss is taken to the Income Statement.

The accounts of the subsidiary were translated from U.A.E. Dirhams to USD for consolidation purposes at the fixed rate between the two currencies.

**(h) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash, bank current accounts, bank deposits and highly liquid investments.

**(i) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date it is ready for use.

**(j) Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise receivables are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the income statement.

Current financial liabilities, which comprise current bank borrowings, project creditors and other payables and related party payables, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

**(k) Adoption of new International Financial Reporting Standards**

*Standards and interpretations effective for the current year*

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the company are as follows:

- **IFRS 11: Joint arrangements**

IFRS11 establishes two types of joint arrangements: joint operations and joint ventures. These are distinguished by the rights and obligations of those parties to the joint arrangement

- **IFRS 13: Fair Value Measurement**

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**3. ACCOUNTING POLICIES (CONTINUED)**

**(k) Adoption of new International Financial Reporting Standards (continued)**

- **Presentation of Items in Other Comprehensive Income; Amendments to IAS 1**  
As a result of amendments to IAS 1, the company has modified its presentation of items of other comprehensive income to present separately items that will and will not be subsequently reclassified to profit or loss. Comparative information has been represented accordingly.
- **Amendments to IAS 19: Employee Benefits**  
These amendments eliminate the corridor approach and require the entity to recognize the changes in defined benefit plan obligations and plan assets when they occur.
- **Annual improvements to IFRSs 2009-2011 cycle**  
IAS 1: Presentation of Financial Statements: The improvements provide that the entity is required to present third statement of financial position only when:

- (a) the entity applies the accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements; and
- (b) the retrospective application, restatement or reclassification has material effect on the information in the third statement of financial position.

The amendments specify that related notes are not required to accompany the third statement of financial position.

In the opinion of management there are no IFRSs or IFRIC interpretations that are effective for the first time for the current reporting period and which are applicable to the company and which could have a material impact on the financial statements.

*New and revised IFRSs in issue but not yet effective*

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- **IFRS 9: Financial Instruments: (1 January 2015)**  
IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.
- **Amendments to IAS 32: Offsetting Financial Assets and Liabilities (1 January 2014)**  
The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.



**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

In preparing these accounts, management may make estimates and judgements that affect the reported amounts of assets and liabilities within the next financial year. Where estimates or judgements are made, such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the financial year, there are no significant estimates or judgements made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

| 5. TRADE AND OTHER RECEIVABLES   | THE GROUP         |                   | THE COMPANY       |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2012<br>USD       | 2011<br>USD       | 2012<br>USD       | 2011<br>USD       |
| Prepayments  | <u>300</u>        | <u>300</u>        | <u>300</u>        | <u>300</u>        |
| <b>6. SHARE CAPITAL</b>  |                   |                   |                   |                   |
| <b>Authorised</b>  |                   |                   |                   |                   |
| 64,000,000 ordinary shares of USD 1 each   | <u>64,000,000</u> | <u>64,000,000</u> | <u>64,000,000</u> | <u>64,000,000</u> |
| <b>Issued and fully paid</b>   |                   |                   |                   |                   |
| 39,073,390 ordinary shares of USD 1 each   | <u>39,073,390</u> | <u>39,073,390</u> | <u>39,073,390</u> | <u>39,073,390</u> |
| <b>7. PROVISIONS</b>   |                   |                   |                   |                   |
| Staff end-of-service gratuity  | <u>1,107</u>      | <u>1,107</u>      | <u>-</u>          | <u>-</u>          |
| The provision is made for end-of-service gratuity payable to the staff at the balance sheet date in accordance with the labour laws. |                   |                   |                   |                   |
| <b>8. TRADE AND OTHER PAYABLES</b>   |                   |                   |                   |                   |
|  | THE GROUP         |                   | THE COMPANY       |                   |
|  | 2012<br>USD       | 2011<br>USD       | 2012<br>USD       | 2011<br>USD       |
| Accruals   | 38,055            | 22,553            | 16,030            | 11,200            |
| *Short term loan from third parties  | 7,605,389         | 7,601,064         | 100,403           | 96,078            |
| Payable to a related party   | <u>19,991,003</u> | <u>19,991,003</u> | <u>-</u>          | <u>-</u>          |
|  | <u>27,634,447</u> | <u>27,614,620</u> | <u>116,433</u>    | <u>107,278</u>    |

\* This represents an interest-free short term loan obtained from a third party without any fixed repayment schedule.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**9. RELATED PARTIES**

The company enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24 - Related Party Disclosures. The directors consider such transactions to be in the normal course of business and at terms which correspond to those on normal arm's length transactions with third parties.

Related parties comprise the shareholder, which is the parent company, joint venturers of the parent company and fellow subsidiaries of the joint venturers of the parent company.

At the balance sheet date, balances with related parties were as follows:

|   | THE GROUP   |             | THE COMPANY |             |
|---|-------------|-------------|-------------|-------------|
|   | 2012<br>USD | 2011<br>USD | 2012<br>USD | 2011<br>USD |
| <b>Included in Project Creditors</b>                                  |             |             |             |             |
| - Due to fellow subsidiaries of joint venturers of the parent company | 19,991,003  | 19,991,003  | -           | -           |
| <b>Amounts due to related parties</b>                                 |             |             |             |             |
| - Due to joint venturers of the parent company                        | 16,356,182  | 16,356,182  | -           | -           |

All balances are unsecured and are expected to be settled in cash.

The subsidiary receives funds from related parties as and when required as working capital facilities at agreed rates of interest.

**10. OPERATING LOSS FOR THE YEAR**

|   | THE GROUP   |             | THE COMPANY |             |
|---|-------------|-------------|-------------|-------------|
|   | 2012<br>USD | 2011<br>USD | 2012<br>USD | 2011<br>USD |
| <b>Operating loss is arrived at after charging: -</b> |             |             |             |             |
| Licence and registration fees                         | 1,800       | 1,800       | 1,800       | 1,800       |
| Administration fees                                   | 2,980       | 2,150       | 2,980       | 2,150       |
| Penalty charges                                       | 375         | 750         | 375         | 750         |
| Audit and accountancy fees                            | 4,000       | 4,000       | 4,000       | 4,000       |
| Other operating expenses                              | 10,672      | 11,544      | -           | -           |

**11. TAX**

**(a) Parent company**

The Company has been established as a Category 1 Global Business Licence Company under the Financial Services Act 2007 and is taxable at the rate of 15%. However, at 31 March 2012, no provision for tax has been made in the accounts due to the availability of tax losses.

**(b) Subsidiary company**

The subsidiary company has not made any provision for tax as at 31 March 2012, as no business operation was undertaken.

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**12. LOSS PER SHARE**

|                                   | THE GROUP         |                   | THE COMPANY       |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | 2012              | 2011              | 2012              | 2011              |
|                                   | USD               | USD               | USD               | USD               |
| <b>THE GROUP AND THE COMPANY</b>  |                   |                   |                   |                   |
| Loss per share is based on:       |                   |                   |                   |                   |
| Loss attributable to shareholders | <u>(19,827)</u>   | <u>(20,244)</u>   | <u>(9,155)</u>    | <u>(8,700)</u>    |
| Number of shares issued           | <u>39,073,390</u> | <u>39,073,390</u> | <u>39,073,390</u> | <u>39,073,390</u> |
| Loss per share                    | <u>(0.00051)</u>  | <u>(0.00052)</u>  | <u>(0.00023)</u>  | <u>(0.00022)</u>  |

**13. FINANCIAL INSTRUMENTS**

The company conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

Exposure to the significant risks are as follows:

**(a) Credit risk**

Financial assets which potentially expose the group to concentrations of credit risk comprise principally bank current accounts.

The bank current accounts are placed with high credit quality financial institutions.

**(b) Interest rate risk**

Funding by related parties is at agreed rates of interest. Interest on the short term bank loan is at a floating rate of interest linked to LIBOR.

**(c) Exchange rate risk**

There are no significant exchange rate risks as substantially all financial assets and financial liabilities of the subsidiary are denominated in U.A.E. Dirhams or USD to which the Dirham is fixed.

**(d) Fair values**

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying amount of trade and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and amounts due to related parties approximate their fair values.

**(e) Capital risk management**

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company depends on the financial support of its shareholders to continue as a going concern.



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**14. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Southern Petrochemical Industries Corporation Limited, a company incorporated in India.

**15. COMPARATIVE FIGURES**

Previous year's figures have been regrouped/reclassified wherever necessary so as to conform with the presentation adopted in the current year.